



Jim B

Carl F. Pascarella
*President and
Chief Executive Officer*

December 8, 1994

Mr. Phillip G. Heasley
Vice Chairman
First Bank System
First Bank Place
Suite 3000
601 Second Avenue South
Minneapolis, Minnesota 56402



VIA FACSIMILE AND MAIL - 3 Pages

Dear Phil:

I thought I should formally respond to your letter of November 1, 1994, prior to our meeting on Monday, December 12, 1994. Given the seriousness of your letter, I wanted to be certain of the facts, on our side, before responding.

I asked for input from Visa staff who are responsible for the development of our Commercial Desktop MIS. Attached is a summary of staff input that we can use as a working document during our meeting next week. After reviewing the facts, I do believe there may be some miscommunication or, at least, a misunderstanding of our actions.

Phil, I recognize First Bank's leadership position in the Commercial Card market and I appreciate your contribution and loyalty to Visa. We have been involved in a number of partnership developments with you over the last several years that have delivered substantial Association support to First Bank System. Our most recent support of the Northwest Airlines product is strong evidence of our willingness to aid your expansion efforts.

I have supported these efforts in the past and I want them to continue in the future. However, you must understand that without other Visa participants in the Commercial Card market, Visa U.S.A. will be unable to defend the investment levels necessary to future development of fully viable alternatives to our competitors' offerings.

P-0527

CONFIDENTIAL
USBC 106475

Mr. Phillip G. Heasley
December 8, 1994
Page Two

In closing, let me assure you that we are not altering our strategic direction or changing our attitude toward our competition or our membership. Our first priority is Member profitability. I look forward to our session on Monday.

Sincerely,



Carl F. Pascarella
President and CEO

/slr

CONFIDENTIAL
USBC 106476